

OIL SANDS MEDIA MONITORING REPORT

Vol. 2009, No. 3 A **CanadaWest** Foundation publication

August 17, 2009

CanadaWest
FOUNDATION

Our Vision
A dynamic and prosperous West in a strong Canada.

Our Mission
A leading source of strategic insight, conducting and communicating non-partisan economic and public policy research of importance to the four western provinces and all Canadians.

Overview

The key oil sands stories in July dealt with protests across three countries and insights from new reports.

The Alberta Energy Research Institute commissioned two reports on the carbon output of the oil sands. The reports concluded that oil refined from bitumen is comparable to more conventional crudes, with at most 10% higher carbon emissions. This finding has drawn positive and negative reactions, and was the most reported story of the month.

Frequent oil sands opponent Greenpeace took a new tactic recently: instead of attacking the environmental footprint of the oil sands, it adopted an economic approach, teaming with two other environmental groups to release a report on demand for oil and how "peak demand" may prevent the oil sands from being a truly profitable investment.

Several protests against the oil sands generated the lion's share of negative stories on the oil sands in July. A youth group staged a performance outside of the US State Department in an effort to convince Secretary of State Hillary Clinton to block a pipeline bringing oil sands bitumen to the US, the Rain Forest Action Network tried to convince the Royal Bank of Canada to stop investing in the oil sands and the Beaver Lake Cree Nation received financial support for its protests from a British banking collective.

Overall, environmental coverage of the oil sands was worse in July than in June. Negative stories were up while positive stories were down, a trend likely to continue as carbon capture is no longer being seen as a cure-all for the oil sands' footprint. Economic coverage remained strong, with positive stories outnumbering negative stories and talk of industry recovery beginning to circulate.

Methodology

The media monitoring process used for this report made use of the Google search engine's Google Alerts feature. Each day, the Google engine searched the internet for related stories and delivered the hits in an email. Three search terms were used to guide the internet searches: "oil sands," "oilsands" (there being some debate on whether it is one word or two) and "tar sands." The vast majority of sites criticising the oil sands use the more pejorative term "tar sands," so in order to receive a more complete snapshot of public opinion the term had to be included in the search. Also included in the search was the French term for oil sands, "sables bitumineux," in order to bring in stories from the French language media.

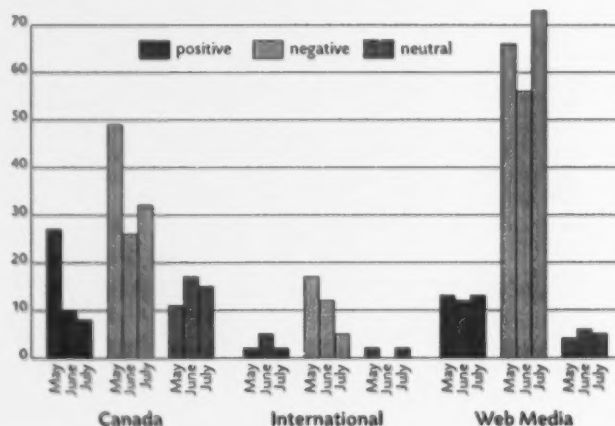
This process brought in several hundred items: once re-posts and stories not connected or only peripherally connected to the oil sands were weeded out, there remained a total of 236 stories over the course of July 2009. These stories were gathered from blogs, environmental and economic websites and media outlets reaching audiences around Canada and the world.

The stories were analyzed and broken into two categories: environmental and economic. Stories that portrayed the oil sands in a positive light through their contribution to the Canadian economy, value to energy security or advances in efficiency, or stories in which corporations and governments defend the development of the oil sands were classified as "positive." Stories whose focus was on the costs of oil sands development such as carbon emissions, water use, job loss or falling stock prices, or stories that called attention to such costs without also presenting the benefits of the oil sands were classified as "negative." Stories that discussed the oil sands without comment on their costs or benefits, or which discussed both equally, were classified as "neutral."

Key Stories

The biggest oil sands story in July was the release of two reports commissioned by the AERI into the carbon output of oil from the oil sands. Their finding that the oil sands have at most 10% higher carbon output than conventional crudes received coverage nationally, internationally and across the internet. Coverage of these reports was extremely varied. Positive stories focused on the finding that the oil sands' carbon output is comparable to conventional oil sources, or at least far less polluting than some

Environmental stories (May-July 2009)



Head Office:
Suite 900, 1202 Centre Street SE
Calgary, AB T2G 5A5
ph: (403) 264-9533 cwf@cwf.ca

British Columbia Office:
Suite 810, 1050 W. Pender Street
Vancouver, BC V6E 3S7
ph: (604) 646-4625

Saskatchewan Office:
604 Braeside View
Saskatoon, SK S7V 1A6
ph: (306) 373-8408

Manitoba Office:
Suite 400, 161 Portage Avenue East
Winnipeg, MB R3B 0Y4
ph: (204) 947-3958

OIL SANDS
MEDIA MONITORING REPORT

environmental groups had claimed (some environmental groups claim that oil sands oil produces three times the carbon emissions of conventional oil). Organizations such as the Sierra Club or Pembina Institute either claimed that the 10% higher carbon emissions proved that oil from the oil sands is indeed dirtier oil or dismissed the reports as being funded by the Alberta government (who they did not see as being neutral on the issue) and not indicative of the whole picture. About a third of the coverage was neutral, covering both the lower-than-believed carbon emissions and criticism from other groups. Even AERI refrained from calling the reports a win for the oil sands: Eddie Isaacs, Managing Director of AERI, stated that despite the reports' findings, the oil sands industry still needs to try harder to reduce carbon emissions even further.

Another report seized attention in July, though primarily online. Greenpeace, PLATFORM and Oil Change International collaborated on a report questioning not the environmental impact of the oil sands, but their long-term economic viability. The report, based on oil demand forecasts from OPEC and the International Energy Agency, claims that demand for oil in the West has peaked, and while demand may rise in China and India, a global demand peak may also be in sight. If true, this would push oil prices down and, in turn, hinder the profitability of the oil sands. The report received coverage beyond just environmental websites: several economic sites and the London print media picked up the story.

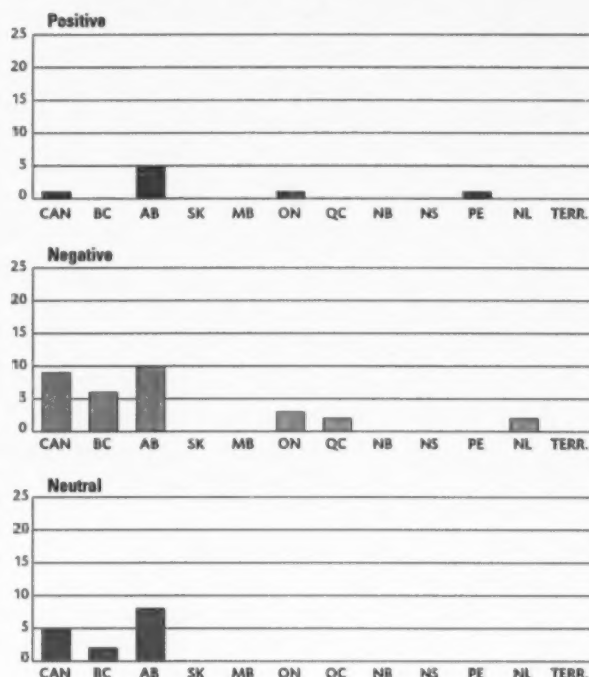
Environmental

Environmental coverage of the oil sands in July was overwhelmingly negative, with sharp increases in negative stories and drops in positive stories compared to June, both online and in the Canadian media.

Nearly a third of the negative coverage online was directed at the reports from AERI and the World Wildlife Fund's report that Canada is dead last amongst G8 nations in terms of carbon reduction, due largely to oil sands development. The AERI reports were widely covered in national media and covered twice internationally, while the WWF report was discussed almost entirely on the internet, with one print story in the London Guardian.

Negative online coverage beyond those reports was driven by protests and protesters. Youth climate activist group the Avaaz Action Factory made another attempt to convince US Secretary of State Hillary Clinton to refuse permission for a pipeline bringing oil sands oil into the US. The Avaaz Action Factory staged a performance outside the State Department on July 24, in which the Clinton character was convinced to fight against the "Oil Sands Monster" and chase away oil executives. This protest received coverage on eight different environmental sites,

Environmental stories by region (July 2009)



often with video. As of the end of July, no final decision on the proposed pipelines had been made, and thus environmentalists are continuing to lobby Secretary Clinton; coverage of the issue will continue into August.

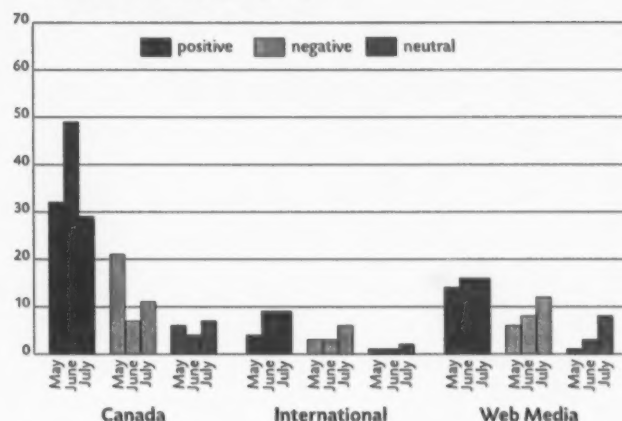
A second protest, this time in Canada, generated coverage both online and in the Canadian media. The Rain Forest Action Network staged a protest against the Royal Bank of Canada in Toronto on July 28, in an unorthodox attempt to convince Janet Nixon, wife of RBC CEO Gordon Nixon, to use her influence to end the RBC's investments in the oil sands. Protestors scaled the flagpoles outside the bank's Toronto headquarters to hang banners reading "Please Help Us Mrs. Nixon.com." The protest was covered through seven websites and four Canadian media outlets, two of which were national.

Oil sands protests have also become an international matter. The British banking co-op, Co-operative Financial Services, donated 53,000 pounds to Beaver Lake Cree Nation in order to fund their protests against oil sand extraction. This donation was discussed on the web, in the Canadian media and in English and Scottish newspapers.

A possible driver for the increased negativity in environmental stories in the Canadian media could be the dimming view of



Economic stories (May-July 2009)



carbon capture as the solution to the oil sands' environmental impact. Stories heralding carbon capture projects were down (though not gone), while stories warning of the high costs and insufficient impact of carbon capture were more numerous.

The AERI reports provided some positive stories, though between criticism from environmentalists and caution from AERI itself, neutral and negative stories outnumbered the positive stories on this topic. Therefore positive environmental stories on the oil sands were mostly based on how the region could be improved rather than what is being done well. With belief in carbon capture as a solution fading in the media, positive stories are beginning to turn to land reclamation projects and possible solutions for the tailings ponds. Efforts by Syncrude to recover tailings water faster and experiments by University of Alberta researchers into a virtually waterless extraction process were discussed on the internet in July.

Another story of note is the awarding of a literary prize to Calgary writer Andrew Nikiforuk for his book *Tar Sands: Dirty Oil and the Future of a Continent*. Through his book, Nikiforuk has become a high-profile opponent of the oil sands, doing presentations on the subject and speaking out against proponents of the oil sands. Because coverage of his award brings further attention to his book and its grim take on the oil sands, what profiting from them means and their environmental impact, such coverage constitutes negative stories for the oil sands.

Economic

As in previous months, the economic news was more positive than negative for the oil sands. Positive economic stories outnumbered negative stories in web, Canadian and interna-

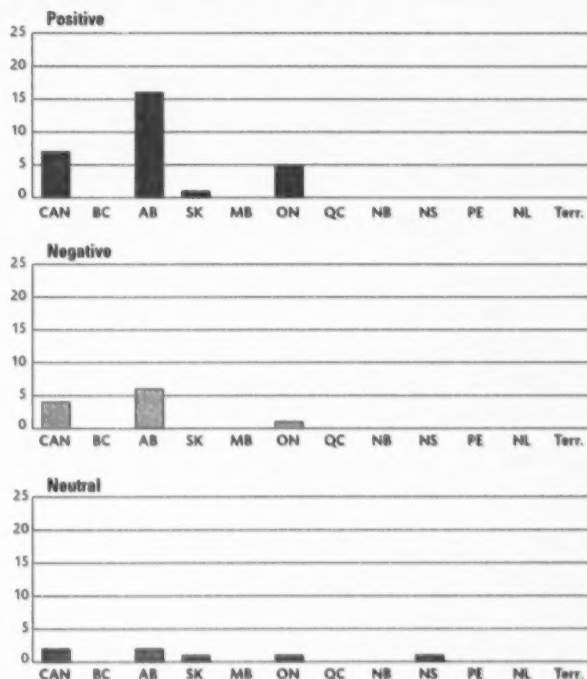
tional media, although not to the same extent that negative outnumbered positive on the environmental front.

Many of the positive economic stories are familiar from previous months. Lowering costs, rising oil prices and revived development projects all continue to result in positive economic coverage for the oil sands. The positive news has continued for long enough that some sources, such as *Oil and Gas Journal*, are claiming that official recovery for the oil sands industry will begin as soon as year's end.

In previous months, a frequent source of negative environmental coverage was the issue of refinement. While extraction projects have been coming back online this summer, refinement projects have not; at least not in Alberta. The perception that raw bitumen was simply being shipped south of the border, and that all of the jobs, income and tax revenue associated with refining the bitumen were being lost to the US instead of staying in Alberta led to negative stories. But in July, the Alberta government began taking steps towards addressing the issue.

The Alberta government has launched a new bitumen-in-kind royalty program, in which royalty payments can be made through bitumen rather than money. The bitumen collected through this

Economic stories by region (July 2009)



program will be refined in Alberta, providing jobs and revenue. As of the end of July, the Alberta government was seeking refineries to process their royalty bitumen. The guaranteed source of bitumen makes this attractive to refiners. Coverage of this process has been uniformly positive.

Coverage of the joint report by Greenpeace, PROJECT and Oil Change International was uniformly negative, but save for one article in the London Guardian all the coverage was online. Two thirds of the negative stories from web media were on this report.

In Canada, negative stories came from a call to slow down oil sands development. Peter Lougheed has called for the Alberta government to use the current slowdown to regulate oil sands growth in order to prevent the out-of-control inflation from the previous boom. Federal Minister of the Environment Jim Prentice has expressed similar desires, saying that the slowdown provides an opportunity for the government to re-assess the environmental impact of the oil sands. Minister Prentice denied calling for a slowdown, saying that the slowdown had already occurred and that the government should make use of it. While these suggestions may indeed be what's best for Alberta, from the perspective of the oil sands suggestions of slower, more regulated development reads as negative, or at best neutral.

Visit Canada West Foundation at www.cwf.ca

